



STATE OF WEST VIRGINIA  
OFFICE OF THE ATTORNEY GENERAL  
DARRELL V. MCGRAW, JR.  
CONSUMER PROTECTION DIVISION  
1-800-368-8808 or 304-558-8986

# Press Release

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## FOR IMMEDIATE RELEASE

**March 24, 2009**

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### **Attorney General Darrell McGraw Sues to Enforce Subpoenas and Enjoin Predatory Practices of 12 Internet Payday Lenders and Collection Agencies**

Today Attorney General Darrell McGraw continued his effort to curb illegal activities of payday lenders by filing two lawsuits against 12 Internet payday lenders and their collection agencies. Both suits ask the court to order compliance with McGraw's investigative subpoenas and to enjoin the companies from the continued making or collection of payday loans in West Virginia.

Payday loans, which have never been legal in West Virginia, are short term loans or cash advances, typically for 14 days, secured by a post-dated check or, when offered over the Internet, secured by an agreement authorizing an electronic debit for the full loan amount plus interest from the consumer's account.

Internet payday loans are electronically deposited into consumers' accounts and typically require payment of interest with annual percentage rates ("APR") ranging from 600 to 800 APR, more than 45 times greater than the maximum allowable rate (18% APR) for such loans in West Virginia. "Internet payday loan providers are the loan sharks of today," explained McGraw.

Internet payday loans are the industry's most recent attempt to skirt consumer protection laws. The payday lending industry has historically sought to evade state usury laws (laws that cap interest rates) through a number of ruses, such as partnering with national and state-chartered banks and by offering the loans over the Internet.

McGraw's office commenced its investigation of the Internet payday lending industry in earnest in 2005. As of this date McGraw's office has successfully concluded 75 investigations of Internet payday lenders and their collection agencies, which have netted a total of \$1,784,772.82 in cash refunds and cancelled debts for 6,612 West Virginia consumers.

The companies named in today's filings include the following:

#### **Suit Against Internet Payday Lenders**

- Cash Advance Now d/b/a PeoplesPayday.com of Miami, FL
- Debt Doctor, LLC d/b/a Magnum Z, LLC of Wentzville, MO
- Direct ROI d/b/a Cashwest Payday Loans of Mesa, AZ
- E Smart Credit Network d/b/a www.YourLoanServices.com of Miami, FL
- Island Payday, LLC d/b/a www.islandpayday.com of Ogden, UT
- Platinum Finance Company, LLC d/b/a www.PaycheckNow.com of Wilmington, DE
- Sonic Cash, LLC d/b/a Sonic Cash Online Payday of Boise, ID

### **Suit Against Collection Agencies**

- A.C.A Recovery, Inc. of Ridgewood, NJ
- Capital Collections, LLC of Miami, FL
- Covenant Management Group, LLC of Gainesville, GA
- Oasis Financial Solutions, LLC of Orange Park, FL
- Westbury Ventures of Wilmington, DE

Any persons wishing to file a complaint about a consumer matter or to alert the Attorney General about unfair or deceptive practices may do so by calling the Consumer Protection Hot Line, 1-800-368-8808, or by obtaining a complaint form from the consumer web page at [www.wvago.gov](http://www.wvago.gov).

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